

KONE GENERAL TERMS AND CONDITIONS OF PURCHASE ("GTC")

1 DEFINITIONS

The following capitalized terms shall have the meanings assigned to them, unless a different definition is assigned to them in the Purchase Agreement:

"Purchase Agreement" shall mean the agreement, if any, entered into between the parties governing their Purchaser-Supplier relationship, which, unless otherwise specified therein, this GTC is an annex to and which shall take precedence over this GTC in case of discrepancies between the two documents. If alternatively applicable, the Purchase Agreement shall mean the purchase order to which this GTC is attached;

"Delivery" shall mean completion of the delivery of the Products in accordance with the Purchase Agreement;

"Products" shall mean the products and all necessary documentation to be delivered to the Purchaser by the Supplier, including any specified services to be performed in connection with the Delivery, such as installation and testing of the Products.

2 PRODUCTS

2.1 Scope of Delivery

The Products shall be completed to meet the specification provided by the Purchaser ("Specification") and shall be delivered to the Purchaser within the period allowed for the Delivery according to the Purchase Agreement ("Delivery Time"). The Products shall be deemed to include any products and services which are necessary for the Delivery and the intended use of the Products.

2.2 Modifications

The Purchaser shall have the right to request the Supplier to modify the Specification at any time. Any adjustment to the purchase price and to the Delivery Time caused by the modification shall be agreed upon separately. The rights and obligations of the parties under the Purchase Agreement and the GTC shall extend to all modifications.

2.3 Documentation

The Supplier shall provide the Purchaser with documentation concerning the Products in accordance with the Purchase Agreement. Upon request, the Supplier shall deliver additional instructions and documentation to enable the orderly use, installation and maintenance of the Products.

The Purchaser shall have the right to use all documentation that has been placed at its disposal, for any authorized purpose and to place such documents at the disposal of authorities, the end user, or any other third party, as necessary in such connection.

2.4 Inspections and quality control

The Purchaser shall be allowed free access to the facilities of the Supplier at all reasonable times for the purpose of inspecting or testing the Products and the quality thereof and witnessing tests which may have been agreed upon. The costs of carrying out of any tests and inspections shall be borne by the Supplier. The cost of attending shall be borne by the Purchaser.

In addition, the Purchaser has a right at any time to have the Products tested with a method and by a testing authority approved by the Supplier, to verify that the quality of the Products meets the expressed quality criteria. If the tests show shortfall in quality, the Purchaser has a right to terminate the Purchase Agreement with immediate effect as set out in the Purchase Agreement and in the GTC, and the Supplier shall be responsible for any damage caused to the Purchaser as set out in the Purchase Agreement and the GTC.

No approval of the Supplier's technical documents or drawings, inspection or testing of the Products, or supervision of design work or manufacturing, whether by the Purchaser or the end user, shall be construed as implying any limitation on the obligations and liabilities of the Supplier.

2.5 Safety

The Products shall include all specified safety devices and the Supplier shall ensure that they fully satisfy the requirements of any applicable safety regulations and standards. If any additional safety devices are required, due to non-compliance with any regulations and standards, they shall be installed at the cost of the Supplier.

Whenever any work is performed at any facility of the Purchaser, the Supplier shall comply with all applicable safety regulations of the Purchaser and shall follow any other instructions given by the Purchaser concerning safety.

2.6 Compliance with other laws and regulations

The Supplier shall ensure that the Products fully comply with any other applicable laws and regulations.

2.7 Change in Laws

If any modification of the Specification is necessary due to an unanticipated change in laws after the signing of the Purchase Agreement, the Supplier shall request the necessary modification to be made in accordance with the Purchase Agreement.

3 DELIVERY

3.1 Packing, Marking & Storage

The Products shall be packed in a manner which is appropriate with regard to the means of transport to be used and the nature of the Products, and in accordance with any instructions given in the Specification as to the manner, size, weight etc. of the packing.

The Products shall be clearly marked by the Supplier and carry information concerning the identity of the recipient and the name of the place of destination together with any specific instructions necessary for handling and storage.

3.2 Early Delivery

No Products should be delivered or performed prior to the time agreed in the Purchase Agreement as the earliest time for delivery without the prior written consent of the Purchaser.

3.3 Delay by the Supplier

Should the Supplier have reason to assume that he will not be able to reach the Delivery Time, he shall immediately notify the Purchaser, stating the cause and estimated duration of the delay.

Should the Delivery Time be exceeded, the Purchaser shall be entitled to compensation, as liquidated damages, of the percentage of the purchase price, as set out in the Purchase Agreement, for each day by which the Delivery Time is exceeded, up to the maximum percentage set out in the Purchase Agreement. If no percentage of the purchase price is defined in the Purchase Agreement in connection with liquidated damages, the Supplier shall pay zero point five per cent (0.5%) of the purchase price of the delayed Product for each day of delay, up to the maximum of ten per cent (10%) of the purchase price of the Product in delay.

In the event of the Supplier's delay continuing after the maximum amount of the liquidated damages has fallen due, the Purchaser shall be entitled to cancel or terminate the Purchase Agreement with immediate effect and be entitled to further damages, in addition to those specified in this Article, in an amount corresponding to the damage occasioned through the delay, such as additional installation costs.

3.4 Transfer of Title

The title to all Products or parts thereof shall be transferred to the Purchaser when the relevant parts have been obtained, or otherwise identified and separated, by the Supplier, as parts to be used for the purposes of the Purchase Agreement.

3.5 Transfer of Risk

The Supplier shall bear the risk of loss of the Products until the completion of the Delivery, upon which the risk of loss shall be transferred from the Supplier to the Purchaser.

3.6 Right to withhold

The Purchaser may deduct any amount owed by the Supplier from any payment of the purchase price. The Purchaser shall pay the undisputed amounts payable pursuant to the Purchase Agreement, however, disputed amounts being payable only after the final settlement of such disputes.

4 OTHER RESPONSIBILITIES OF THE SUPPLIER

4.1 Insurance

The Supplier shall maintain adequate insurance to cover any general liability or product liability he may incur in connection with or as a result of the performance of his obligations pursuant to the Purchase Agreement. Upon demand, the Supplier shall submit all requested certificates of insurance to the Purchaser.

4.2 Supply of Spare Parts

The Supplier guarantees the availability of the Products and spare parts for the Products for at least ten (10) years after the Delivery of the Products.

4.3 Liability for Defects; Warranty

The Supplier warrants that the Products comply in every respect with the requirements of the Purchase Agreement and that they are free from any defect in design, materials or workmanship. Any defect appearing within twenty-four (24) months from the date of delivery of the Products ("Warranty Period"), shall be

corrected by the Supplier without delay and without any additional cost to the Purchaser or the end user.

If any repair under the warranty obligation is made subsequent to the end user having put the Products in service, the Warranty Period in respect of the affected Products shall be renewed starting from the date when the repair work was approved by the end user.

Should the Supplier refuse, or fail, to fulfil his warranty obligation to the Purchaser's satisfaction, within a reasonable period of time, the Purchaser shall be entitled to have repair or replacement carried out at the Supplier's expense. The same right shall accrue to the Purchaser, if in case of urgency the Purchaser finds it inappropriate to wait for the Supplier to carry out the work.

The Purchaser shall request the consent of the Supplier before carrying out the repair or replacement work, if time permits. If such work has been carried out without the consent of the Supplier, the Supplier has to be given opportunity, at its own request, to inspect the repaired or replaced Products to evidence the applicability of the Supplier's warranty liability to such work. The Supplier's failure to make such request shall be deemed as an acceptance of its renewed warranty liability.

The warranty obligation of the Supplier shall not extend to defects proved to having been directly caused by wrong or negligent operation, overloading, inadequate maintenance or normal wear and tear.

5 LIABILITIES OF THE SUPPLIER

5.1 Liability for Damages

As the Purchaser's international operations demand promptness and reliability, it is understood that the Supplier appreciates and accepts the fact that he shall fulfil all of his obligations with particular care and that even a minor breach may cause considerable damage to the end user and the Purchaser. The Supplier shall particularly undertake to fulfil his obligations in respect of the quality of the Products. Any direct costs incurred by the Purchaser due to any breach shall be compensated for in full by the Supplier.

5.2 Indemnification

The Supplier shall indemnify and keep the Purchaser indemnified against losses and claims for injuries or damage to any person or property which may arise out of or in consequence of the performance of the Purchase Agreement by the Supplier and against all claims, demands, proceedings, damages, costs, charges and expenses in respect thereof or in relation thereto. The Supplier's liability to indemnify the Purchaser as aforesaid shall be reduced proportionately to the extent that the act or neglect of the Purchaser, his servants or agents may have contributed to the said loss, injury or damage.

5.3 Infringements

The Supplier shall indemnify the Purchaser for all consequences of any infringement on patent rights, trade marks, designs or other immaterial rights caused by the manufacture, processing, use or sale of the Products, unless the infringement is attributable to the Purchaser's design.

5.4 Confidentiality

All drawings and technical documents submitted by the Purchaser to the Supplier prior or subsequent to the Purchase Agreement, shall remain the exclusive property of the Purchaser. They may not, without the Purchaser's express written consent, be utilized by the Supplier or copied, reproduced, transmitted or communicated to a third party.

The Supplier shall, at the Purchaser's request, immediately return any copies of the drawings or technical documents held by him at the end of the validity of the Purchase Agreement.

The Supplier shall ensure that no information regarding the Purchase Agreement is brought to the knowledge of any third party without obtaining prior consent thereto from the Purchaser.

6 MISCELLANEOUS

6.1 Notices

Notices will be deemed to have been validly given if delivered personally in writing, telexed, sent by registered air mail, telefaxed or e-mailed followed by a letter copy, to their respective addresses set forth in the Purchase Agreement or to any other address of which the parties hereto may have informed to the other party. A notice or document sent by registered air mail will be deemed to have been received on the 14th day after mailing.

6.2 The Representatives of the Parties

All communication between the parties shall be effected through the representatives named in the Purchase Agreement or their substitutes as notified

from time to time by either party to the other party. However, all communication concerning any specific order or a specific affiliate or unit of the Purchaser shall be effected directly between the affiliate or unit and the relevant representative of the Supplier.

6.3 Amendments

Amendments to the Purchase Agreement shall only be made in writing with specific reference to the Purchase Agreement and therefore any waiver given by either party to the other in any one instance shall not be deemed an amendment of the Purchase Agreement.

6.4 Entire Agreement

The Purchase Agreement and the documents referred to in the Purchase Agreement shall constitute the entire agreement between the parties and it shall precede any other document exchanged between the parties before the date of the Purchase Agreement. No document shall be deemed to be included in the Purchase Agreement without a specific reference.

6.5 Assignment and Subcontracting

The Supplier may not transfer or assign the Purchase Agreement or any part of it without the prior written consent of the Purchaser. The Purchaser may freely assign the Purchase Agreement or any part thereof to any company affiliated with the Purchaser by giving advance notice thereof to the Supplier.

If the Supplier wishes to employ sub-contractors to a greater extent than implied in the Purchase Agreement, the written consent of the Purchaser must be obtained before the subcontracting work is ordered.

6.6 Termination

In addition to any other rights of termination specified in the Purchase Agreement, the Purchaser has a right to terminate the Purchase Agreement in the event that the Supplier is in serious breach of his obligations under the Purchase Agreement and has failed to remedy such breach, if capable of remedy, within thirty (30) days of a written demand thereof by the Purchaser. Products failing to meet the specified quality requirements shall always be considered a serious breach of the obligations of the Supplier.

6.7 Force Majeure

The following circumstances shall constitute an event of force majeure, provided they arise subsequent to the entering into the Purchase Agreement and could not reasonably have been anticipated by the Supplier at the time: war, mobilization, civil commotion, revolt or riot, government intervention, official strike and acts of God. The Supplier may not invoke any events of force majeure unless he can prove that

- (a) he has taken all reasonable steps to limit the effects and to make good the time lost, during and after the event of force majeure,
- (b) he has, when the circumstances he wishes to invoke as events of force majeure have become known to him, within three (3) days given written notice to the Purchaser of the nature and anticipated consequences of the force majeure.

Under no circumstances can a period longer than seven (7) days prior to the written notice be taken into account as an event of force majeure, whether known to the Supplier or not.

6.8 Applicable law

This Agreement shall be governed by and construed in accordance with the laws of United Arab Emirates, unless other specific agreement is made in the Purchase Agreement.

6.9 Settlement of Disputes

Solutions to any disputes arising in connection with the Purchase Agreement shall be negotiated in good faith between the parties. If a solution can not be found in mutual negotiations, the disputes shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules. The arbitration shall take place in Dubai, UAE, and the language of the arbitration proceedings shall be English, unless specifically otherwise agreed by the parties in writing.